

AMENDMENT UNDER OAL RULE 100

Statement of Reasons

Regulation 1703, Interest and Penalties

A. Factual Basis.

Regulation 1703 interprets and explains the application of interest and penalties to assessed liabilities. The State Board of Equalization hereby proposes to make the following amendments under OAL Rule 100:

1. Incorporate the provisions of Revenue and Taxation Code section 6593.5 (AB 1123, Statutes 2001, Chapter 251, § 4), which give the Board the authority to grant relief of interest in all applicable instances where an error or delay is caused by an employee of the Board or Department of Motor Vehicles. The original legislation did not include relief of interest for audit determinations and late prepayments of sales tax on diesel and other fuels.

2. Incorporate the provisions of Revenue and Taxation Code sections 7073 and 7074 (SB 1100, Statutes 2004, Chapter 226, § 6), which require the Board and the Franchise Tax Board to administer a tax penalty amnesty program for a two-month period beginning February 1, 2005 and ending March 31, 2005, or any other two-month period ending June 30, 2005.

3. Make minor corrections to conform the text of the regulation in the California Code of Regulations (CCR) to the text that is approved and published by the Board and to conform to changes in reference conventions that have occurred since the regulation was first published in 1969.

B. Proposed Amendments.

Words “Section” and “Sections” and changed to lower case throughout. Word “board” changed to upper case throughout.

Subdivision (a)- Tax Amnesty Program and sections 7073 & 7074 added to list. Subdivision (b)(1)(C)- Word “bulls” corrected to “bills” to conform text of CCR to text approved by Board. Subdivision (b)(1)(E)- to first sentence, phrase “this ... imposed” added after “1999,” and phrase “the Board ... person” deleted, and period added; phrase “Effective ... discretion,” added to remaining language to make new second sentence to interpret and implement the provisions of section 6593.5. Subdivision (b)(3)- phrase “Except ... above,” added to interpret and implement the provisions of section 6593.5. Subdivision (c)(5)- “Word “permit holder’s” changed to “permitholder’s” to conform text of CCR to text approved by Board. Subdivision (c)(9) added to interpret and implement provisions of section 7073 and 7074.

Reference Section: sections 7073 & 7074 added.